

## MAINTENANCE LEVEL 2

### M2-MI Medicaid Single State Agency

#### RECOMMENDATION SUMMARY TEXT

The Health Care Authority (HCA) requests 2.5 FTEs and \$742,000 (\$289,000 GF-State) in the 2016 Supplemental to address the increased workload associated with the federally required oversight of Department of Social and Health Services (DSHS) and the management of services covered under the State Plan, but delegated to DSHS for day to day management.

#### PACKAGE DESCRIPTION

Code of Federal Regulations 42 U.S.C. 1396 (a)(5) requires the state to designate a single state entity responsible for administering or supervising the administration of the Medicaid program. The HCA is the designated entity in the state of Washington. The responsibility placed on the HCA to oversee the management of the Washington State Plan Amendment (SPA) approved services delegated to the DSHS has not been adequately addressed. A unit of full time employees dedicated to the oversight of these state plan services is required for the HCA to be compliant with the expectations set forth in the cited Code of Federal Regulations (CFR).

Programs requiring oversight include:

- Pre-Admission Screening and Resident Review (PASRR);
- Behavior Health (Mental Health and Substance Abuse);
- Private Duty Nursing for children (Medically Intensive Care Program) and adults; and
- Nursing Homes

Currently, the HCA is struggling to be compliant with this federal expectation. Only the PASRR program has any systematic oversight, which was developed just recently in response to lawsuits and the Center for Medicare & Medicaid Services' (CMS) interest in the HCA being accountable for the administration of the PASRR program. Parts of three HCA FTEs support this effort. DSHS' Private Duty Nursing staff work closely with HCA Clinical staff on issues of coverage criteria, policy and client specific issues, but there is no systematic oversight. Unfortunately, the other two programs mentioned above have no systematic oversight and the HCA becomes engaged only when there is a crisis or an issue of concern that come to our attention, often from the CMS or client advocates.

A unit of 4.0 FTE, preferably Registered Nurses with various subject matter specific expertise (e.g. mental health, substance abuse, long term care and habilitation, and private duty nursing), would support the HCA in meeting the expectation set forth in the CFR. The funding requirements also include travel as onsite visitations may be required periodically to fulfill these responsibilities.

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## FISCAL DETAILS/OBJECTS OF EXPENDITURE

	FY 2016	FY 2017	Total
<b>1. Operating Expenditures:</b>			
Fund 001-1 GF-State	\$ 79,000	\$ 210,000	\$ 289,000
Fund 001-C GF-Federal Medicaid Title XIX	\$ 124,000	\$ 329,000	\$ 453,000
<b>Total</b>	<b>\$ 203,000</b>	<b>\$ 539,000</b>	<b>\$ 742,000</b>
	FY 2016	FY 2017	Total
<b>2. Staffing:</b>			
Total FTEs	1.0	4.0	2.5
	FY 2016	FY 2017	Total
<b>3. Objects of Expenditure:</b>			
A - Salaries And Wages	\$ 91,000	\$ 365,000	\$ 456,000
B - Employee Benefits	\$ 59,000	\$ 114,000	\$ 173,000
C - Personal Service Contracts	\$ -	\$ -	\$ -
E - Goods And Services	\$ 14,000	\$ 58,000	\$ 72,000
G - Travel	\$ 1,000	\$ 2,000	\$ 3,000
J - Capital Outlays	\$ 38,000	\$ -	\$ 38,000
N - Grants, Benefits & Client Services	\$ -	\$ -	\$ -
Other (specify) -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 203,000</b>	<b>\$ 539,000</b>	<b>\$ 742,000</b>
	FY 2016	FY 2017	Total
<b>4. Revenue:</b>			
Fund 001-C GF-Federal Medicaid Title XIX	\$ 124,000	\$ 329,000	\$ 453,000
<b>Total</b>	<b>\$ 124,000</b>	<b>\$ 329,000</b>	<b>\$ 453,000</b>

## NARRATIVE JUSTIFICATION

### WHAT SPECIFIC PERFORMANCE OUTCOMES DOES THE AGENCY EXPECT?

The agency expects to be able to provide the level of oversight required of an accountable organization that is appreciative of the responsibilities placed on the state's single purchasing entity of federally funded Medicaid services. Appropriate level of oversight will foster a constructive relationship with the DSHS as the day-to-day manager of these services, while providing independent and knowledgeable monitoring, auditing, and feedback to the DSHS to promote the provision of quality state plan health care services that are delivered in a timely, compliant manner to clients. This oversight should identify areas of risk and opportunities for risk management. It should result in efficiencies through avoided adverse consequences of risk; as well as changes in the delivery of service that can come as a result of constructive feedback.

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## **PERFORMANCE MEASURE DETAIL**

### **Activity Inventory**

H002 HCA Direct Operations

### **IS THIS DECISION PACKAGE ESSENTIAL TO IMPLEMENT A STRATEGY IDENTIFIED IN THE AGENCY'S STRATEGIC PLAN?**

Yes, it supports the HCA's role in achieving a healthier Washington by assuring oversight to the state plan covered health care services for which the DSHS is responsible for the day to day management.

### **DOES THIS DECISION PACKAGE PROVIDE ESSENTIAL SUPPORT TO ONE OR MORE OF THE GOVERNOR'S RESULTS WASHINGTON PRIORITIES?**

Yes, dedicating staff for this purpose supports two of the Governor's Results Washington priorities. First, it supports the goal for an efficient government because being more proactive in identifying and managing risk should lead to efficiencies and increase the HCA's and the DSHS' accountability to state citizens. Second, it supports the goal for Healthy and Safe Communities by providing independent oversight to the delivery of health care services to Washington's most vulnerable citizens.

### **WHAT ARE THE OTHER IMPORTANT CONNECTIONS OR IMPACTS RELATED TO THIS PROPOSAL?**

The CMS expects the HCA to earnestly and satisfactorily fulfill its charge of being the single state entity responsible for the oversight of the delivery of all State Plan approved health care services including those delegated to the DSHS. By CFR, the HCA is ultimately accountable for the delivery of these services by the DSHS and is responsible for assuring they are delivered in a manner consistent with federal law and the state plan.

If the HCA does not dedicate staff for this purpose, the CMS may find that Washington State is non-compliant with the CFR. This may result in a loss of funding for a period of time and laborious, expensive work with the CMS' oversight to prove we are responsible as the single state agency, compliant with CFR, including audits, corrective actions plans, etc.

### **WHAT ALTERNATIVES WERE EXPLORED BY THE AGENCY, AND WHY WAS THIS ALTERNATIVE CHOSEN?**

The alternatives explored were:

- Maintain status quo (do nothing);
- Reassign staff; or
- Request new FTEs dedicated for this purpose.

Maintaining status quo is not a viable option. This option does not address the unmet need to perform adequate oversight of the Medicaid program. It places Washington State at risk for reduction in federal funding.

Reassigning staff is also not an option as doing so would require the HCA to remove staff from other necessary activities to maintain a viable Medicaid program. Assigning partial FTEs does not provide the capacity to exercise the level of oversight necessary.

The oversight activities described in the proposal are new activities, requiring new FTEs to support.

**WHAT ARE THE CONSEQUENCES OF NOT ADOPTING THIS PACKAGE?**

If the HCA is unable to meet the oversight standards in the CFR, the state risks the possible deferral of federal Medicaid funds. Since the HCA isn't the only state agency that uses Medicaid funding, the deferral may impact more than just the Medicaid programs administered by the HCA. Programs administered by the DSHS may also be affected by such a deferral.

**WHAT IS THE RELATIONSHIP, IF ANY, TO THE STATE CAPITAL BUDGET?**

None

**WHAT CHANGES WOULD BE REQUIRED TO EXISTING STATUTES, RULES, OR CONTRACTS TO IMPLEMENT THE CHANGE?**

None

**EXPENDITURE AND REVENUE CALCULATIONS AND ASSUMPTIONS**

**REVENUE CALCULATIONS AND ASSUMPTIONS:**

Revenue is based on anticipated federal matching for the identified work.

**EXPENDITURE CALCULATIONS AND ASSUMPTIONS:**

Costs identified for staff, workstation establishment and estimates for building rent, computer leasing and other goods and services are based on an average per FTE. The HCA assumes that staff would not be hired until April 1, 2016.

**DISTINCTION BETWEEN ONE-TIME AND ONGOING COSTS:**

Costs to establish workstations for staff (object J) are considered one-time. All other costs are on-going and will continue into the future.

**BUDGET IMPACTS IN FUTURE BIENNIA:**

Administrative costs are on-going.